

ORDER NO. 6380

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Ann C. Fisher, Vice Chairman;
Mark Acton;
Ashley E. Poling; and
Robert G. Taub

Competitive Product Prices
Priority Mail & First-Class Package Service Contract 102
(MC2019-143)
Negotiated Service Agreements

Docket No. CP2019-158

ORDER APPROVING AMENDMENT THREE TO
PRIORITY MAIL & FIRST-CLASS PACKAGE SERVICE
NEGOTIATED SERVICE AGREEMENT

(Issued December 21, 2022)

I. INTRODUCTION

The Postal Service seeks to amend a Priority Mail & First-Class Package Service negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Amendment.

¹ USPS Notice of Amendment to Priority Mail & First-Class Package Service Contract 102, Filed Under Seal, December 19, 2022 (Notice). The Amendment is an attachment to the Notice (Amendment).

II. BACKGROUND

In Order No. 5112, the Commission approved the Priority Mail & First-Class Package Service Contract 102 negotiated service agreement (Existing Agreement).² On December 19, 2022, the Postal Service filed notice that it has agreed to the Amendment to the Existing Agreement

The Postal Service intends for the Amendment to become effective three business days after the date that the Commission completes its review of the Notice. Notice at 1.

III. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3035.105 and 3035.107. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

² See Docket Nos. MC2019-143 and CP2019-158, Order Adding Priority Mail & First-Class Package Service Contract 102 to the Competitive Product List, June 3, 2019 (Order No. 5112). The contract was later amended. See Order Approving Amendment One to Priority Mail & First-Class Package Service Negotiated Service Agreement, September 1, 2020 (Order No. 5663). The contract was later amended again. See Order Approving Amendment Two to Priority Mail & First-Class Package Service Negotiated Service Agreement, November 29, 2022 (Order No. 6346).

The Existing Agreement is set to expire December 31, 2022.³ The Amendment revises the expiration date of the contract to March 31, 2023. Notice, Attachment A at 1.

The Amendment does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3035.107.

Other considerations. The Postal Service states that the Amendment shall become effective three business days after the date that the Commission completes its review. Notice at 1. The Existing Agreement, as amended, is set to expire March 31, 2023. *Id.* Attachment A at 1.

If the Existing Agreement, as amended, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as amended.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Priority Mail & First-Class Package Service Contract 102 negotiated service agreement, as amended.
2. The Postal Service shall notify the Commission if the Existing Agreement, as amended, terminates prior to the revised expiration date, March 31, 2023.

By the Commission.

Erica A. Barker
Secretary

³ See Order No. 5112 at 8 (setting original expiration date as June 4, 2022); Order No. 6346 at 2 (revising expiration date to December 31, 2022).